

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (08/25): BUTTER: Grade AA closed at \$1.1975. The weekly average for Grade AA is \$1.1850 (-.0025).

CHEESE: Barrels closed at \$1.1800 and blocks at \$1.3000. The weekly average for barrels is \$1.1620 (+.0800) and blocks, \$1.2875 (+.0060).

NONFAT DRY MILK: Extra Grade and Grade A closed at \$1.0300. The weekly average for Extra Grade is \$1.0300 (N.C.) and Grade A, \$1.0300 (N.C.).

BUTTER: The market tone is basically unchanged, although prices have adjusted lower and then higher in CME cash trading over the past week. Current churning activity is seasonally lower as cream availability is lighter. Fresh butter stocks are lighter than current needs, thus inventoried stocks are being used to fill some orders. Most producers and handlers are stating that, although current production is lighter and inventories are declining, overall butter stocks should be sufficient for fall and year end needs. Current buying interest is seasonally fair. Many food service buyers, especially in resort and vacation areas, are closely monitoring their stocks for the upcoming Labor Day holiday weekend, the unofficial end to their summer vacation season. Retail orders are seasonally fair.

CHEESE: The cash cheese market continues to struggle to clear spot offerings sufficiently for prices to move higher. The reopening of more schools for the new year is pulling additional milk supplies away from manufacturers. Current cheese offerings are getting in better balance with demand, particularly east of the Rockies. Barrel supplies continue to be further from being in balance than most natural varieties. Warmer temperatures in some areas are also reducing the milk flow to cheese production plants.

FLUID MILK: Milk production across the country varies, but for this time of the year, most producers and handlers are reporting heavier than usual volumes. Temperatures have moderated in many milk producing areas. In some areas, slight production recovery has occurred, but for the most part, overall milk volumes are edging lower. Class I demand is strong as schools resume classes with this trend continuing over the next 2 - 3 weeks. Diversions to manufacturing are lighter as the school bottling pipelines refill. Milk is moving from one area to another in greater volumes until the Class I pipelines become filled. The fluid cream market is firm and offerings are reported as tight. The competition for available cream is active. Ice cream production ranges from steady to slower as summer consumption patterns start to slow. Churning activity is also lower due to lighter cream offerings.

DRY PRODUCTS: Dry dairy product market tones are mixed. Nonfat dry milk, buttermilk, and lactose markets are steady to firm while whey and whey protein concentrate are weak. NDM drying schedules are lighter as milk supplies tighten and demand for condensed skim remains good. Current demand is keeping stocks moving quite well, although surplus Midwestern and Western

powder continues to clear to the government. In many instances, producers are only drying to fill orders with high heat powder production increasing as dryer time becomes available to fill orders already on the books. Buttermilk powder markets are firm. Few butter/powder plants are making dry buttermilk because of slower churning activity and good demand for condensed. Whey markets are steady to weak. Stocks of powder are reported to range from tight to readily available for immediate sale. Eastern and Western producers indicate a tighter supply situation than Midwestern handlers. Domestic sales are seasonally steady with export activity continuing. Contacts state that without export sales, current whey markets would be further depressed.

CCC: During the week of August 21 - 25, net CCC purchases totaled 6,391,729 pounds of nonfortified and 1,005,577 pounds of fortified NDM from Midwestern and Western manufacturers.

JULY COLD STORAGE (NASS): U.S. cold storage holdings of butter at the end of July 2000 totaled 136.4 million pounds, 10.4% higher than last July, but 5.9% lighter than June 2000. Natural American cheese holdings total 598.1 million pounds, 10.0% heavier than July 1999 and 4.9% more than last month. Nonfat dry milk holdings at the end of June 2000 total 537 million pounds, 171 million pounds held commercially with the government holdings totaling 366 million pounds. The monthly NDM holdings total is nearly double a year ago and 31 million pounds heavier than last month.

JULY FEDERAL MILK ORDER PRICE AND POOL SUMMARY (USDA, DAIRY PROGRAMS): During July, about 9.8 billion pounds of milk were received from producers. This volume of milk is 47.9% higher than the adjusted July 1999 volume. About 3.5 billion pounds of producer milk were used in Class I products, 5.0% lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilizations were: Class I, 36%; Class II, 11%, Class III, 45%; and Class IV 8%. The weighted average statistical uniform price (blend price under old pricing system) was \$12.71 per cwt., \$0.52 more than last month, but \$0.68 less than last year.

FLUID MILK SALES HIGHLIGHTS (USDA, AMS): During the January - May 2000 period, total fluid milk sales in Federal milk order (FMO) marketing areas and California were 0.6% lower than the same period in 1999. On an individual product basis, sales of whole milk, low fat (1%) milk, and buttermilk increased over the five-month period, while sales of reduced fat (2%) milk and fat-free (skim) milk decreased. Data for 1999 have been adjusted for changes in the FMO marketing areas due to order consolidation and data for both years have been adjusted for calendar composition. It is likely that the timing of the Easter holiday period has a small negative impact on the change in sales from April 2000 compared to April 1999.

****SPECIALS THIS ISSUE****

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**CHICAGO MERCANTILE EXCHANGE
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., NONFAT DRY MILK: carlot = 42,000-45,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

PRODUCT	MONDAY AUGUST 21	TUESDAY AUGUST 22	WEDNESDAY AUGUST 23	THURSDAY AUGUST 24	FRIDAY AUGUST 25	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.1450 (+.0550)	\$1.1550 (+.0100)	\$1.1600 (+.0050)	\$1.1700 (+.0100)	\$1.1800 (+.0100)	(+.0900)	\$1.1620 (+.0800)
40# BLOCKS	\$1.2800 (N.C.)	\$1.2800 (N.C.)	\$1.2800 (N.C.)	\$1.2975 (+.0175)	\$1.3000 (+.0025)	(+.0200)	\$1.2875 (+.0060)
NONFAT DRY MILK							
EXTRA GRADE	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
GRADE A	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	\$1.0300 (N.C.)	N.C.	\$1.0300 (N.C.)
BUTTER							
GRADE AA	\$1.1825 (-.0025)	----	\$1.1750 (-.0075)	----	\$1.1975 (+.0225)	(+.0125)	\$1.1850 (-.0025)

*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM

CHICAGO MERCANTILE EXCHANGE

MONDAY, AUGUST 21, 2000

CHEESE -- SALES: 10 CARS BARRELS: 1 @ \$1.0900, 2 @ \$1.0925, 2 @ \$1.0950, 2 @ \$1.1150, 1 @ \$1.1375, 1 @ \$1.1400, 1 @ \$1.1450; 7 CARS 40# BLOCKS: 2 @ \$1.2750, 1 @ \$1.2800, 1 @ \$1.2775, 1 @ \$1.2800, 1 @ \$1.2775, 1 @ \$1.2800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1450

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 4 CARS GRADE AA: 3 @ \$1.1800, 1 @ \$1.1825; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 7 CARS GRADE AA: 4 @ \$1.1825, 2 @ \$1.1850, 1 @ \$1.1950

TUESDAY, AUGUST 22, 2000

CHEESE -- SALES: 13 CARS BARRELS: 2 @ \$1.1700, 1 @ \$1.1675, 2 @ \$1.1700, 1 @ \$1.1675, 1 @ \$1.1700, 2 @ \$1.1675, 1 @ \$1.1650, 1 @ \$1.1700, 1 @ \$1.1650, 1 @ \$1.1550; 2 CARS 40# BLOCKS: 1 @ \$1.2775, 1 @ \$1.2800; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.2000; OFFERS UNCOVERED: 4 CARS BARRELS: 2 @ \$1.1675, 1 @ \$1.1700, 1 @ \$1.2100; 1 CAR 40# BLOCKS @ \$1.2900

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, AUGUST 23, 2000

CHEESE -- SALES: 17 CARS BARRELS: 2 @ \$1.1675, 2 @ \$1.1625, 2 @ \$1.1600, 1 @ \$1.1450, 1 @ \$1.1350, 2 @ \$1.1325, 1 @ \$1.1350, 1 @ \$1.1400, 1 @ \$1.1500, 1 @ \$1.1550, 2 @ \$1.1575, 1 @ \$1.1600; 8 CARS 40# BLOCKS: 3 @ \$1.2775, 1 @ \$1.2800, 3 @ \$1.2775, 1 @ \$1.2800; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 12 CARS BARRELS: 3 @ \$1.1600, 5 @ \$1.1625, 1 @ \$1.1675, 3 @ \$1.1700; 1 CAR 40# BLOCKS @ \$1.2800

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 17 CARS GRADE AA: 2 @ \$1.1775, 2 @ \$1.1700, 2 @ \$1.1725, 2 @ \$1.1750, 1 @ \$1.1700, 2 @ \$1.1725, 1 @ \$1.1700, 1 @ \$1.1725, 1 @ \$1.1700, 1 @ \$1.1725, 2 @ \$1.1750; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 18 CARS GRADE AA: 1 @ \$1.1750, 4 @ \$1.1775, 2 @ \$1.1800, 5 @ \$1.1825, 5 @ \$1.1850, 1 @ \$1.1900

THURSDAY, AUGUST 24, 2000

CHEESE -- SALES: 7 CARS BARRELS: 1 @ \$1.1700, 1 @ \$1.1775, 2 @ \$1.1875, 1 @ \$1.1850, 1 @ \$1.1775, 1 @ \$1.1750; 3 CARS 40# BLOCKS: 1 @ \$1.2850, 1 @ \$1.2900, 1 @ \$1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 1 @ \$1.1700, 2 @ \$1.1800, 2 @ \$1.1900; 2 CARS 40# BLOCKS: 1 @ \$1.2975, 1 @ \$1.3000

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, AUGUST 25, 2000

CHEESE -- SALES: 7 CARS BARRELS: 2 @ \$1.1675, 1 @ \$1.1725, 2 @ \$1.1700, 1 @ \$1.1725, 1 @ \$1.1800; 3 CARS 40# BLOCKS: 1 @ \$1.2950, 1 @ \$1.2975, 1 @ \$1.3000; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS BARRELS: 2 @ \$1.1900, 2 @ \$1.1925, 1 @ \$1.2000; 6 CARS 40# BLOCKS: 1 @ \$1.3025, 1 @ \$1.3050, 2 @ \$1.3100, 2 @ \$1.3125

NONFAT DRY MILK -- SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

BUTTER -- SALES: 18 CARS GRADE AA: 2 @ \$1.1725, 5 @ \$1.1750, 1 @ \$1.1800, 1 @ \$1.1825, 1 @ \$1.1850, 2 @ \$1.1900, 1 @ \$1.1975, 1 @ \$1.2000, 3 @ \$1.1900, 1 @ \$1.1975; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 5 CARS GRADE AA: 1 @ \$1.2000, 1 @ \$1.2050, 2 @ \$1.2100, 1 @ \$1.2200; 2 CARS 6-MONTH OLD 40# BLOCKS @ \$1.2975

BUTTER MARKETS

JULY MONTHLY COLD STORAGE

According to NASS, July month-end cold storage figures for butter total 136.4 million pounds, 10.4% more than last year, but 5.9% lower than the revised June 2000 figure.

NORTHEAST

The market tone is generally unchanged, although prices have declined fractionally during the past week. Cream supplies continue to be limited to butter operations, thus churning is light. Demand for butter surpasses current output, thus microfixing of bulk butter continues to occur for full print needs. Fresh butter demand remains good, but stocks are in tighter supply. Eastern butter producers and handlers indicate that butter stocks, although lighter at this time, should be fully sufficient for the balance of the year. Current butter demand is seasonally active at retail, although food service orders are somewhat lighter. Many food service buyers, especially in resort and vacation areas, are closely monitoring their stocks for the upcoming Labor Day holiday weekend, the unofficial end of the summer vacation season. Sales of bulk butter, f.o.b. East, are reported in a range of 3 - 6 cents over the CME price/average.

CENTRAL

Butter markets are basically steady, although CME cash prices continue to edge fractionally lower. Churning activity is lighter as cream availability is also reported

as tighter. Butter demand is seasonally active. Retail demand is seasonally fair while food service orders are slightly lower. Producers and handlers are finding that current demand is surpassing current production thus orders are being filled with fresh and inventoried stocks. Inventories continue to run heavier than last year at this time, although stocks are lighter than last week. Producers and handlers are stating that, although current production is lighter and inventories are declining, overall butter stocks should be sufficient for fall and year end needs.

WEST

Bulk butter demand is steady across most of the country. Butter does continue to move from West to East. Buyers are becoming less concerned about butter/cream availability this fall. Print orders are slowing in some areas as the summer vacation season comes to an end. Churning is generally lighter as less cream is available at this point in time. Cream is also moving out of the Western region as other areas of the country run short. CME weekly butter inventory levels declined by the largest amount since the start of the program, 8.66 million pounds, this past week. Inventory reductions in the last 10 weeks total 25.24 million pounds compared to 14.37 million pounds last year over the same period of time. Current prices for bulk butter range from 5 cents under to 2 cents under the market based on the CME with various time frames and averages involved.

NASS DAIRY PRODUCT PRICES
U.S. AVERAGE AND TOTAL POUNDS

WEEK ENDING	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 39% MOISTURE			
AUGUST 19	1.1966 6,821,886	1.0785 7,554,502	1.0109 13,585,397	1.1567 2,877,362	0.1915 7,259,955

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are unchanged on Swiss, but mostly higher on the balance of natural and process. The market tone is still unsettled. Cheese production is steady to lighter. Milk supplies are tightening seasonally as schools reopen and Southern milk demand pulls additional fluid supplies away from cheese production. Food service orders in vacation areas are steady to lighter as buyers plan to have just enough supply on hand to meet their anticipated movement through Labor Day weekend. Retail interest remains just fair.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.3200-1.7875
Cheddar Single Daisies	:	1.2775-1.7375
Cheddar 40# Block	:	1.4200-1.5975
Process 5# Loaf	:	1.2925-1.4675
Process 5# Sliced	:	1.3125-1.5700
Muenster	:	1.4800-1.6875
Grade A Swiss Cuts 10 - 14#	:	2.3500-2.5500

MIDWEST

The cheese market is steadier. The wide spread between blocks and barrels continues to be a problem for barrel producers, though efforts to reduce the spread have made progress. Current cheddar supplies are at least adequate though volumes are not as burdensome as recent weeks. Inventory control continues to be emphasized by buyers with cheese commitments worried about being overwhelmed by product. Most spot activity is for non-commodity varieties than on cheddar. Orders have picked up in some markets as buyers prepare for the usually stronger fall cheese demand. Process movement is generally fair at best at retail. Food service accounts in summer vacation areas are closely watching stocks to keep just enough on hand through Labor Day weekend, the traditional end of summer. Aged cheddar offerings are increasing, but buyers are very price and quality conscious due to the volume in storage. Cheese and milk production is edging lower and spot fluid supplies are disappearing seasonally. Spot milk supplies have tightened.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.2825-1.5900
Brick And/Or Muenster 5#	:	1.5500-1.8450
Cheddar 40# Block	:	1.5500-2.1150
Monterey Jack 10#	:	1.7500-2.1150
Blue 5#	:	1.9800-2.1200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5700-2.2150
Grade A Swiss Cuts 6 - 9#	:	2.0000-2.6850

MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),
carlot/trucklot, F.O.B. plants or storage centers.

CHEDDAR STYLES : AUGUST 21 - 25, 2000

BARRELS*	:	\$1.0825 - 1.1700 (NOMINAL)
	:	(\$.0300) (.0725)
40# BLOCKS	:	\$1.2825 - 1.3325 (NOMINAL)
	:	(\$.0500) (.0425)

() Change from previous week. * If steel, barrel returned.

WEST

Prices for both process and natural cheese moved higher following trading at the CME last week. Swiss prices held steady. Buyers seem to be unsure how to react to today's markets. They see the wide spread between barrels and blocks and wonder how long it can last. Some are content to work off existing inventories for a while until they decide what the market is going to do. Most don't believe that there is much chance of a shortage developing this fall. Process sales are seasonally slow. Current blocks are moving reasonably well. Aged cheese is having a hard time developing much of a premium to cover holding costs. Cheese production remains heavier than anticipated for this late in the summer. Natural American cheese stocks at the end of July total 598.1 million pounds, up 10.0% from last year. Swiss stocks, at 8.5 million pounds, are down 20.1% from this time last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.2350-1.4950
Cheddar 40# Block	:	1.4075-1.5475
Cheddar 10# Cuts	:	1.5875-1.8075
Monterey Jack 10#	:	1.5975-1.7525
Grade A Swiss Cuts 6 - 9#	:	2.2000-2.4500

FOREIGN

Domestic style prices are steady to mostly higher, reflecting increases in the CME block prices. Prices on imported varieties are unchanged. Movement is about steady but expected to pick up on some table style varieties as schools reopen for the new year. Current offerings are adequate for needs.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: TFEWR	: -0-
Blue	: 2.6400-3.1400	: 1.6225-3.1175*
Gorgonzola	: 3.2400-5.9400	: 2.1775-2.4900*
Parmesan (Italy)	: TFEWR	: 3.0375-3.0625*
Romano (Italy)	: 2.1000-2.5400	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.6375-1.9075*
Romano (Cows Milk)	: -0-	: 2.8125-4.9875*
Sardo Romano (Argentina)	: 2.6500-3.2900	: -0-
Reggianito (Argentina)	: 2.6500-3.2900	: -0-
Jarlsberg (Brand)	: 2.7400-3.3100	: -0-
Swiss Cuts Switzerland	: -0-	: 2.3500-2.5500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-
*=Price change.		

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	: CHEESE
08/21/00	28,527	: 144,794
08/01/00	34,007	: 144,058
CHANGE	-5,480	: 736
% CHANGE	-16	: 1

FLUID MILK AND CREAM

E A S T

During July, milk production in the 20 major states totaled 12.2 billion pounds, up 5.0% from July 1999. The following are the July to July changes for selected states: New York -1.8%, Texas +0.5%, Vermont +2.2%, Kentucky +2.3%, Pennsylvania +2.9%, Florida +3.2%, and Virginia +7.0%. Milk production this week is steady to slightly higher. Milder temperatures in the Southeast are helping relieve stress on the cows and milk output is rebounding slightly. However, the need for milk is growing and imported volumes are growing. Florida handlers report bringing in 126 loads this week from the Middle Atlantic area. This compares to 66 loads last week and 94 loads a year ago. The possibility of Hurricane Debby making land-fall later this week has bottlers and suppliers making contingency plans. More schools are opening across the Southeast and handlers in other states in the region are bringing in about 165 loads of milk this week. This compares to 107 last week and 362 a year ago. Milk output in the Northeast is about steady and volumes are about steady with past weeks. More schools will be starting in the next two-four weeks and bottlers are expecting to begin filling the school lunch pipelines sometime next week. Bottled milk sales are up in most areas as home consumption is getting back to normal following the summer/vacation season. Surplus milk volumes are still light and some plants have very little surplus milk to process. The condensed skim market is mostly unchanged. Offerings are occasionally lighter, but mostly adequate to meet needs. Some slow down in spot sales has been noted, but contracts continue to clear good volumes. Prices are unchanged to higher. The fluid cream market is firm and offerings are reported as tight. Spot prices are mixed as multiples increased, but the average price of butter at the CME did ease lower last week. Ice cream production ranges from steady to slower as summer consumption patterns start to slow. Cream cheese output is about steady. Some cream supplies comment that cream cheese makers are looking for cream, but suppliers are tight and prices a little too high for some to make spot purchases. Churning activity is lighter, reflecting the tighter cream supply this week.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5438-1.7338
DELIVERED EQUIVALENT ATLANTA	-	1.5438-1.7338 M 1.6150-1.6863
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.6566-1.7338
PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS		
F.O.B. PRODUCING PLANTS:		
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.0500-1.1200
NORTHEAST- CLASS III - SPOT PRICES	-	.8300-1.0300

M I D W E S T

SPOT SHIPMENTS:	LOADS
AUGUST 18 - 24, 2000	0
PREVIOUS WEEK	0
COMPARABLE WEEK IN 1999	45

Class I demand is stronger, bolstered by the reopening of schools in more districts. Milk supplies are much tighter and handlers were sourcing out further to acquire needed volumes for many states, mainly in the mid-section of the country. Several supplemental loads of milk even moved from Minnesota into Wisconsin for bottling. Spot milk premiums are sharply higher. Class I premiums on spot deals ranged from \$2.25 to over \$4.00 over class. Some additional offers of milk at \$4.50 were passed on. Manufacturing milk prices were little changed on a light test. Even the closing of a large cheese plant for retooling did not generate very much extra milk in Wisconsin to ship additional

volumes further South. A total of 42 loads of Wisconsin milk are direct shipped to Missouri and 14 loads to Kentucky, and pooled under another federal order. Besides the loads reported last week, 10 loads of Wisconsin milk were shipped to Kentucky and pooled on the local order. Much larger volumes of milk are shipped from Michigan and Minnesota to various locations including Missouri, Nebraska, Tennessee. A combined total of 50 loads of milk from Minnesota and Iowa were shipped to states further south in the region. Finding trucks and truckers is a problem, particularly on last minute deals. This is reducing the volumes of current cheese being produced as well as other manufactured products. Cream demand is good and multiples are steady to higher. This partially offsets slightly lower cash butter prices at the Chicago Mercantile Exchange. Current milk intakes have changed little, ranging from slightly higher to slightly lower in Minnesota, Wisconsin and Michigan. Summer weather conditions have not provided extended major stress to cows this summer in these states. Higher temperatures further south are impacting milk receipts in the mid-tier of Midwestern states.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	AUG 17 - 23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 40.00- 44.00	\$ 35.00- 43.50
REPLACEMENT HEIFER CALVES	\$320.00-385.00	\$270.00-330.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	AUG 17 - 23	PREVIOUS YEAR
SLAUGHTER COWS	\$ 36.00- 49.00	\$ 32.00- 43.00

W E S T

Minimum prices for Class 1 market milk in California range from \$13.83 in the north to \$14.10 in the south for September. The statewide average price based on production is \$13.89. This price is down a dime from August and down 77 cents from last year. The heat stress on the milking herds in California is much reduced this week. Temperatures are 10-20 degrees cooler and nights are affording additional relief. The rebound in milk production is minimal at this time and may not amount to a lot more this late in the production cycle. Manufacturing plants are operating on reduced schedules. The electrical power problems have also abated for the present. Most plants continue to note that the fat and solids on incoming milk supplies are on the low end of the cycle. Fluid cream supplies are lighter than expected. Competition for the available cream, from both within the region and from other areas of the country, is intense. Milk handlers are getting ready for the upcoming school milk season. The start of the school year will further tighten milk offerings to manufacturing plants. Reasonably priced feed is readily available and should remain that way through the winter season. Hay supplies will be a little more of a problem, but they should not limit milk production. Prices will be a little higher than last year. Milk production is declining more rapidly in the Pacific Northwest. The fall slump is more of a factor even though weather stress has been minimal this summer in Oregon and Washington. The real concern going into the fall is the dry weather in the region. Hay quality and availability are concerns for the winter production season. The cooler temperatures noted in Utah and Idaho this week are welcomed by producers in the region. Even with heat abatement practices, milk production did suffer last week. Some rebound is occurring. Hay quality is good in the region, aided by the dry weather. The problem is with the volumes available and the heavy consumption. Beef cattle are coming off the range much earlier than normal because of no stock water left, no feed value left, and the ongoing fire problems. These animals are now competing for available hay supplies. Irrigation water is becoming more of a concern even at the end of this growing season.

CENTRAL AND WEST DRY MILK PRODUCTS

All reports, except California manufacturing plants, were released 08/24/00 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL

Prices are unchanged to higher on a mostly steady market. Demand is more aggressive than in the past few weeks with movement into government programs slowing. Grade A product is in the tightest position and clearing at the higher end of the range. Production is steady to lower as milk volumes decline seasonally. Producers are generally comfortable with their stocks. High heat production is increasing as dryer time becomes available. Demand for high heat is good with some buyers looking to contract loads.

Includes EXTRA GRADE and GRADE A, low and medium heat

NONFAT DRY MILK: 1.0100 - 1.0350 MOSTLY: 1.0150 - 1.0250

DRY BUTTERMILK - CENTRAL

Prices are unchanged on a mostly steady market. Supplies are very tight with most Central region buyers looking to resellers or Eastern suppliers for spot loads. Movement is best on regular contracted shipments. Spot trading activity is anticipated to remain light into September, especially with NDM moving at comparable prices. Condensed supplies are lower as more milk moves into bottling facilities and less into churns. Condensed demand from ice cream manufacturers continues seasonally strong. Off grade product is less available and sometimes difficult to find.

BUTTERMILK: .9825 - 1.0200

DRY WHEY - CENTRAL

Prices are lower on a weak market. Manufacturer stocks are increasing and more discounting is noted. Export activity and some block load shipments alleviated some heavy supplies, yet overall availability of whey appears ample. Buyer inventories are in balance to long with some users refusing contracted loads. Demand for brand specific product is fairly good with trading at the average or higher. Production is steady to lower as milk volumes decline seasonally and some plants close for maintenance and upgrades. Condensed supplies are generally in balance with current interest. Off grade product is available and sometimes difficult to move.

NONHYGROSCOPIC: .1600 - .2000 MOSTLY: .1800 - .1900

ANIMAL FEED WHEY - CENTRAL

Prices are generally unchanged on a mostly steady market. Sales of milk replacer are slow. Some manufacturers are running long on supplies while others have nothing to offer. Prices on roller ground are not adjusting to the Extra Grade market given the fair to good demand. Delactose demand is strong with some manufacturers unable to keep up with their orders. However, interest from the feed side is slowing as users experiment with alternative proteins (casein, MPC and wheat isolates) as a substitute for traditionally formulated WPC and delactose. Barrow, gilt, lean hog and early weaned pig prices are trading lower. The North Central veal market is steady to firm on light offerings.

MILK REPLACER: .1400 - .1650

ROLLER GROUND: .1800 - .1950

DELACTOSE (Min. 20% protein): .3750 - .4000

LACTOSE - CENTRAL AND WEST

Prices are unchanged on a weak market. The price change from last week sparked some new interest from export markets with some buyers looking to negotiate contracts for the fourth quarter. Supplies are generally mixed with some producers heavy and others sold out or short of needs. Demand for 200 mesh is strong with some producers gaining substantial premiums over the Extra Grade market. Activity through brokers is very light, especially on the lower mesh sizes. Feed interest continues lackluster as off grade product remains a competitive substitute for Extra Grade. Off grade supplies are plentiful at substantial discounts.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1225 - .2300 MOSTLY: .1650 - .1750

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to lower on a market that is trending mostly steady to weak. Feed buyers continue to resist current prices and are refusing contracted loads until prices move lower. Some manufacturers are beginning to build inventories while others are taking contract cancellations as a welcomed relief to previous shipment shortages. Food orders are strong with some interest replacing feed contracts. Inquiries from export markets are increasing for edible purposes. Some resale product is reportedly available below the range. Offers are being noted to brokers at a discount. Buyers are resisting product from brokers priced at the average or a penny or two below the average. Production is steady to somewhat lower as milk volumes seasonally decline and condensed supplies are diverted to higher protein product. Demand for 80% and isolates is strong. MPC is being noted as a suitable substitute for WPC into some feed facilities. Off grade product is readily available at substantial discounts.

EXTRA GRADE 34% PROTEIN: .7400 - .8025 MOSTLY: .7525 - .7725

NONFAT DRY MILK - WEST

Low/medium interest is steady while high heat demand is improving. High heat production is increasing though most of it is made to order. DEIP activity is not a factor in current markets. The government price support program continues to serve as the balancing mechanism. For the week of August 14-18 clearances to CCC totaled 6.8 million pounds, all from the West. Of this total, 621,000 pounds were fortified. Purchases since October 1 have reached 433.4 million pounds compared to 177.1 million pounds last year. Western contacts are wondering if their will be additional commercial export sales of NDM.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0000 - 1.0225 MOSTLY: 1.0000 - 1.0100

HIGH HEAT: 1.0300 - 1.0750

DRY BUTTERMILK - WEST

Range prices are steady for Western buttermilk powder, but the mostly is showing some strength. Some firms are cutting back on condensed buttermilk sales to fulfill some additional powder commitments. Churning activity is declining seasonally at a faster pace as cream supplies are dwindling. Current powder demand is absorbing offerings in an orderly fashion.

BUTTERMILK: .8800 - .9650 MOSTLY: .9000 - .9200

DRY WHEY - WEST

Prices are steady for Western whey powder. Domestic sales are generally steady, but little aggressiveness is noted. Buyers are watching markets in the rest of the country and wondering if they will impact the West. Export sales activity is mixed. Some sellers report good opportunities, but others note that demand is slower than anticipated. Production levels at some operations are larger than projected for this time of the year. Stock levels range from tight to available.

NONHYGROSCOPIC: .1725 - .2025 MOSTLY: .1800 - .1875

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	POUNDS
August 18	\$1.0084	10,451,542
August 11	\$1.0101	10,877,220

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

NONFAT DRY MILK - NORTHEAST AND SOUTHEAST

Prices are steady to higher and the market tone is unchanged. Market activity remains relatively slow. Producers are clearing contracted volumes, but resellers report only slow to fair spot demand. Drying is lighter as milk supplies tighten and demand for condensed skim remains good. Most Eastern producers have adequate volumes on hand, but plant inventories are generally well below year-ago levels which is a planned strategy at most locations. A few plants are drying only enough to meet their commitments and moving the rest of their solids as condensed skim. Also, with less skim to dry, more producers are making high heat. With schools reopening between now and early September, surplus milk volumes and drying activity are expected to drop even more.

Includes EXTRA GRADE AND GRADE A

F.O.B. NORTHEAST:

LOW/MEDIUM HEAT: 1.0200 - 1.0500 MOSTLY: 1.0300 - 1.0350

HIGH HEAT: 1.0800 - 1.1000 MOSTLY: 1.0800 - 1.0850

DELVD SOUTHEAST:

ALL HEATS: 1.0300 - 1.1100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are nominal and higher in the East and Southeast. The market tone is unchanged. With relatively little product on hand, some producers are asking higher price. Few Eastern butter/powder plants are making dry buttermilk because of the slower churning activity and good demand for condensed. Also, under current marketing conditions in the East, nearly all of the producers are quoting the same price. Demand for dry buttermilk is steady. Reports of resale loads selling below the current range have been noted. Those plants with some to sell, indicate just fair interest at current prices.

F.O.B. NORTHEAST: .9000 - .9800

DELVD SOUTHEAST: .9300 - .9850

DRY WHOLE MILK - NATIONAL

Prices and the market tone are unchanged. Production is lighter in most sections of the country. Not only is milk output easing lower, but Class I demand is improving enough to significantly reduce the volumes of surplus milk available to manufacturing plants. Producer stocks are closely balanced and little is available for spot sale. Demand is fair.

F.O.B. PRODUCING PLANT: 1.2025 - 1.3200

DEIP BID ACCEPTANCE SUMMARY

JULY 1, 2000 THROUGH AUGUST 18, 2000
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK -- 12,750 MT (28,108,650 LBS)

CHEESE -- 3,030 MT (6,679,938 LBS)

This program-year's allocation is filled.

Allocations for the DEIP year beginning July 1, 2000: Nonfat dry milk - 68,201 MT; Cheese - 3,030 MT; Butterfat - 21,097 MT.

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices are unchanged to slightly lower and the market tone is steady. Production levels are steady to lighter as milk volumes available to cheese plants are easing. A few plants have cut back production on schedules by as much as a day a week. Most Eastern producers report little or nothing on hand for spot sale. They report being sold out and are taking orders for delivery in mid to late September. Those operations with whey to sell often lack specific approvals which limit outlets. Domestic demand is reported as sluggish. Producers are readily clearing their output, but nearly all resellers report little spot interest. Some Midwest producers are discounting prices and even that is doing little to stimulate demand. Export sales are helping clear moderate volumes, which does tend to ease the weakening trend on the domestic market.

F.O.B. NORTHEAST: EXTRA GRADE .1950 - .2025

USPH GRADE A .2000 - .2100

DELVD SOUTHEAST: .2200 - .2400

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production levels are steady at lighter levels. Not only are surplus milk volumes tightening, but with Class III prices expected to be only slightly lower than July, many makers are not putting much extra into inventory. Current inventories are more than adequate for current needs. Demand is mostly for replacement needs.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$20.00 - 33.00

Excluding promotional and other sales allowances. Included new price announcements.

CASEIN - NATIONAL

Casein markets and prices remain firm. Deliveries of contracted volumes continue to arrive, although in many instances, shipments are lagging scheduled deliveries. Production in Europe is edging seasonally lower. Most European producers, that have previously committed their current season's output, are stating that they will fill their commitments. There is concern on the part of some producers about securing sufficient milk volumes at the end of the production season to meet all commitments. Milk production in Oceania is building seasonally, although casein stocks are not overly available, especially above and beyond contractual commitments.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.1800 - 2.2600

ACID: 2.1800 - 2.2900

MONTHLY COLD STORAGE REPORT - TOTAL U.S. STOCKS

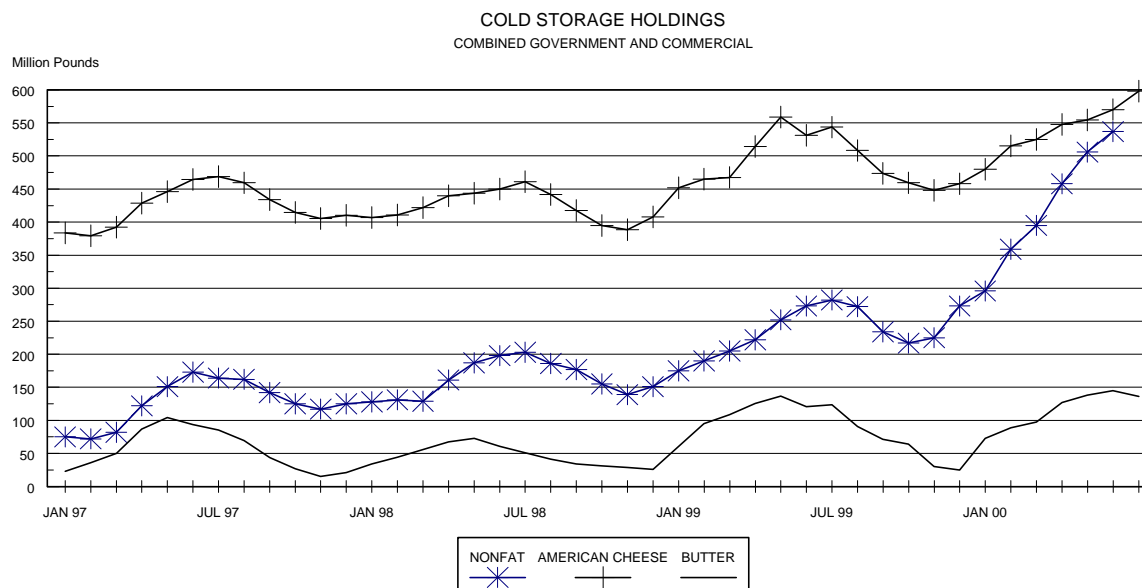
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated.

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JUN 30, 1998	JUN 30, 1999	REVISED JUN 30, 2000	JUL 31, 1998	JUL 31, 1999	JUL 31, 2000
Butter	60,550	120,606	144,861	50,979	123,552	136,357
Cheese, Natural American	450,216	531,268	570,290	461,123	543,642	598,098
Cheese, Swiss	11,460	11,725	8,646	10,823	10,590	8,465
Cheese, Other Natural	122,041	185,427	203,362	123,875	194,486	214,287
U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
Butter	300	257	420	285	334	391
Natural American Cheese	139	33	46	288	48	60

JULY COLD STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter*			Other Natural Cheese		
	1998	1999	2000	1998	1999	2000	1998	1999	2000
New England	24,112	29,640	22,993	---	---	---	338	559	899
Middle Atlantic	44,148	49,555	53,871	---	---	---	14,311	14,072	17,767
East North Central	246,899	255,810	307,827	---	---	---	99,633	97,579	104,724
West North Central	73,788	131,232	127,737	---	---	---	1,317	70,090	77,173
South Atlantic	679	625	5,375	---	---	---	584	1,501	606
East South Central	230	0	0	---	---	---	2,020	212	205
West South Central	288	363	521	---	---	---	477	236	528
Mountain	14,649	11,734	11,512	---	---	---	884	1,096	1,200
Pacific	56,330	64,683	68,262	---	---	---	4,311	9,141	11,185
TOTAL	461,123	543,642	598,098	50,979	123,552	136,357	123,875	194,486	214,287

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 1999 TO DATE

Month	Butter						Natural American Cheese						Nonfat Dry Milk					
	Total <u>1/</u>		Commercial		Government		Total <u>1/</u>		Commercial		Government		Total <u>1/ 2/</u>		Commercial		Government <u>2/</u>	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
	Million Pounds						Million Pounds						Million Pounds					
January	73	61	73	61	<u>3/</u>	<u>3/</u>	480	452	480	452	<u>3/</u>	<u>3/</u>	296	175	146	82	150	93
February	89	95	89	95	<u>3/</u>	<u>3/</u>	515	465	515	465	<u>3/</u>	<u>3/</u>	359	190	173	108	186	82
March	98	108	97	108	<u>3/</u>	<u>3/</u>	525	468	525	468	<u>3/</u>	<u>3/</u>	395	205	168	123	227	83
April	127	126	127	125	<u>3/</u>	<u>3/</u>	548	514	548	514	<u>3/</u>	<u>3/</u>	458	222	197	136	260	86
May	138	137	138	136	<u>3/</u>	<u>3/</u>	555	559	555	559	<u>3/</u>	<u>3/</u>	506	252	197	164	309	88
June	145	121	144	120	<u>3/</u>	<u>3/</u>	570	531	570	531	<u>3/</u>	<u>3/</u>	537	273	171	158	366	114
July	136	124	136	123	<u>3/</u>	<u>3/</u>	598	544	598	544	<u>3/</u>	<u>3/</u>		282		141		141
August		95		95	<u>3/</u>	<u>3/</u>		511		511	<u>3/</u>	<u>3/</u>		272		101		171
September		71		71	<u>3/</u>	<u>3/</u>		475		475	<u>3/</u>	<u>3/</u>		234		87		147
October		64		64	<u>3/</u>	<u>3/</u>		459		459	<u>3/</u>	<u>3/</u>		217		84		133
November		30		30	<u>3/</u>	<u>3/</u>		448		448	<u>3/</u>	<u>3/</u>		225		87		138
December		25		25	<u>3/</u>	<u>3/</u>		458		458	<u>3/</u>	<u>3/</u>		273		139		134

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

Commodity	Jun 30, 1998	Jun 30, 1999	Jun 30, 2000	Jul 31, 1998	Jul 31, 1999	Jul 31, 2000
	Thousand Pounds					
Butter	60,250	120,349	144,441	50,694	123,218	135,966
Natural American Cheese	450,077	531,235	570,244	460,835	543,594	598,038

1/ Total holdings minus Government owned holdings. For more information, see page 7 of this report.

SOURCE: "Cold Storage," Co St 1 (8-00) and "Dairy Products," Da 2-6 (8-00), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

FEDERAL MILK ORDER ADVANCE PRICES, SEPTEMBER

Class I Base Price: Under the Federal milk order pricing system, the Class I base price for September 2000 is \$11.84 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$7.70 and the advanced butterfat pricing factor of \$1.2591. Class I differentials specific to each order are added to the base price to determine the Class I price. **Class II Price Information:** The advanced Class IV skim milk pricing factor is \$7.70. Thus, the Class II skim milk price for September is \$8.40 per cwt., and the Class II nonfat solids price is \$0.9333. **Product Price Averages:** The two-week product price averages for September are; butter \$1.1465, nonfat dry milk \$1.0091, cheese \$1.1847, and dry whey \$0.1940.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <u>1/</u> <u>2/</u>				
Federal Milk Order Marketing Area <u>3/</u>	Order Number	September 2000		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		<u>\$ per cwt.</u>	<u>\$ per cwt.</u>	<u>\$ per pound</u>
Northeast (Boston) <u>4/</u>	001	15.09	10.95	1.2916
Appalachian (Charlotte) <u>5/</u>	005	14.94	10.80	1.2901
Southeast (Atlanta) <u>6/</u>	007	14.94	10.80	1.2901
Florida (Tampa) <u>7/</u>	006	15.84	11.70	1.2991
Mideast (Cleveland) <u>8/</u>	033	13.84	9.70	1.2791
Upper Midwest (Chicago) <u>9/</u>	030	13.64	9.50	1.2771
Central (Kansas City) <u>10/</u>	032	13.84	9.70	1.2791
Southwest (Dallas) <u>11/</u>	126	14.84	10.70	1.2891
Arizona-Las Vegas (Phoenix) <u>12/</u>	131	14.19	10.05	1.2826
Western (Salt Lake City) <u>13/</u>	135	13.74	9.60	1.2781
Pacific Northwest (Seattle) <u>14/</u>	124	13.74	9.60	1.2781
All-Market Average		14.42	10.28	1.2849

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are principal pricing points of markets. 4/ Class I prices at other points are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. 5/ Class I prices at other points are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other points are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I prices at other points are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other points are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other points are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. 10/ Class I prices at other points are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other points are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I price at Boise is minus \$0.30. 14/ Class I prices at other points are: Portland, same; and Spokane, same.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, JULY

HIGHLIGHTS: Handler reports of receipts and utilization under the Federal milk order system for July have been filed and tabulated. Combined totals for the 11 consolidated orders are being released. During July, about 9.8 billion pounds of milk were received from producers. This volume of milk is 47.9 percent higher than the adjusted July 1999 volume. About 3.5 billion pounds of producer milk were used in Class I products, 5.0 percent lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2000 as compared to 1999. The all-market average Class utilization percentages were; Class I – 36, Class II – 11, Class III - 45, and Class IV – 8. The weighted average statistical uniform price (blend price under old pricing system) was \$12.71 per cwt., \$0.52 more than last month, and \$0.68 less than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 2000										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>3/</u>
		TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	TOTAL	CHANGE FROM PREV. YEAR <u>2/</u>	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,988.5	-1.1	805.5	-3.2	40	18	32	10	13.52
Appalachian (Charlotte)	005	490.5	-0.1	339.9	-12.3	69	16	6	9	14.46
Southeast (Atlanta)	007	570.0	8.7	373.9	-6.7	66	13	16	5	14.23
Florida (Tampa)	006	225.2	-0.4	199.3	-3.1	88	8	2	2	15.78
Midwest (Cleveland)	033	1,213.3	28.3	514.3	-7.2	42	18	32	8	12.68
Upper Midwest (Chicago)	030	1,917.3	201.3	313.8	-16.1	16	4	79	1	11.36
Central (Kansas City)	032	1,441.5	204.0	382.0	19.9	27	8	63	2	11.95
Southwest (Dallas)	126	727.5	45.5	305.7	-4.5	42	13	35	10	13.36
Arizona-Las Vegas (Phoenix)	131	251.7	22.8	73.1	-8.8	29	4	35	32	12.32
Western (Salt Lake City)	135	392.9	176.6	79.0	-14.4	20	8	66	6	11.73
Pacific Northwest (Seattle)	124	614.0	25.1	162.1	-4.4	26	6	34	34	12.19
ALL MARKET AVERAGE OR TOTAL	<u>4/</u>	9,832.4	47.9	3,548.6	-5.0	36	11	45	8	12.71

1/ Names in parentheses are principal pricing points of markets.

2/ Previous year figures are the simple summation of the data for the orders that were consolidated. For those orders that also include partial marketing area changes or the addition of unregulated area, the figures for the previous year were adjusted for these changes; in some cases these adjustments are based on estimated data. No adjustments to previous year figures were made for handler regulation shifts that result from other than marketing area changes. Also in June 1999, there were significant volumes of milk not pooled due to disadvantageous price relationships.

3/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

4/ Due to a disadvantageous relationship between class prices and the location adjusted statistical uniform (blend) price in some markets, handlers elected not to pool milk that normally would have been associated with these markets.

JANUARY-MAY FLUID MILK SALES

During the January-May 2000 period, total fluid milk sales in Federal milk order (FMO) marketing areas and California were 0.6 percent lower than the same period in 1999. On an individual product basis, sales of whole milk, low fat (1%) milk, and buttermilk increased over the five-month period, while sales of reduced fat (2%) milk and fat-free (skim) milk decreased. Data for 1999 have been adjusted for changes in the FMO marketing areas due to order consolidation (see 2/ below) and data for both years have been adjusted for calendar composition. It is likely that the timing of the Easter holiday period had a small negative impact on the change in sales from April 2000 compared to April 1999

**PACKAGED SALES OF FLUID MILK PRODUCTS IN MARKETING AREAS DEFINED BY FEDERAL MILK ORDERS
AND CALIFORNIA, JANUARY-MAY 2000, WITH COMPARISONS 1/**

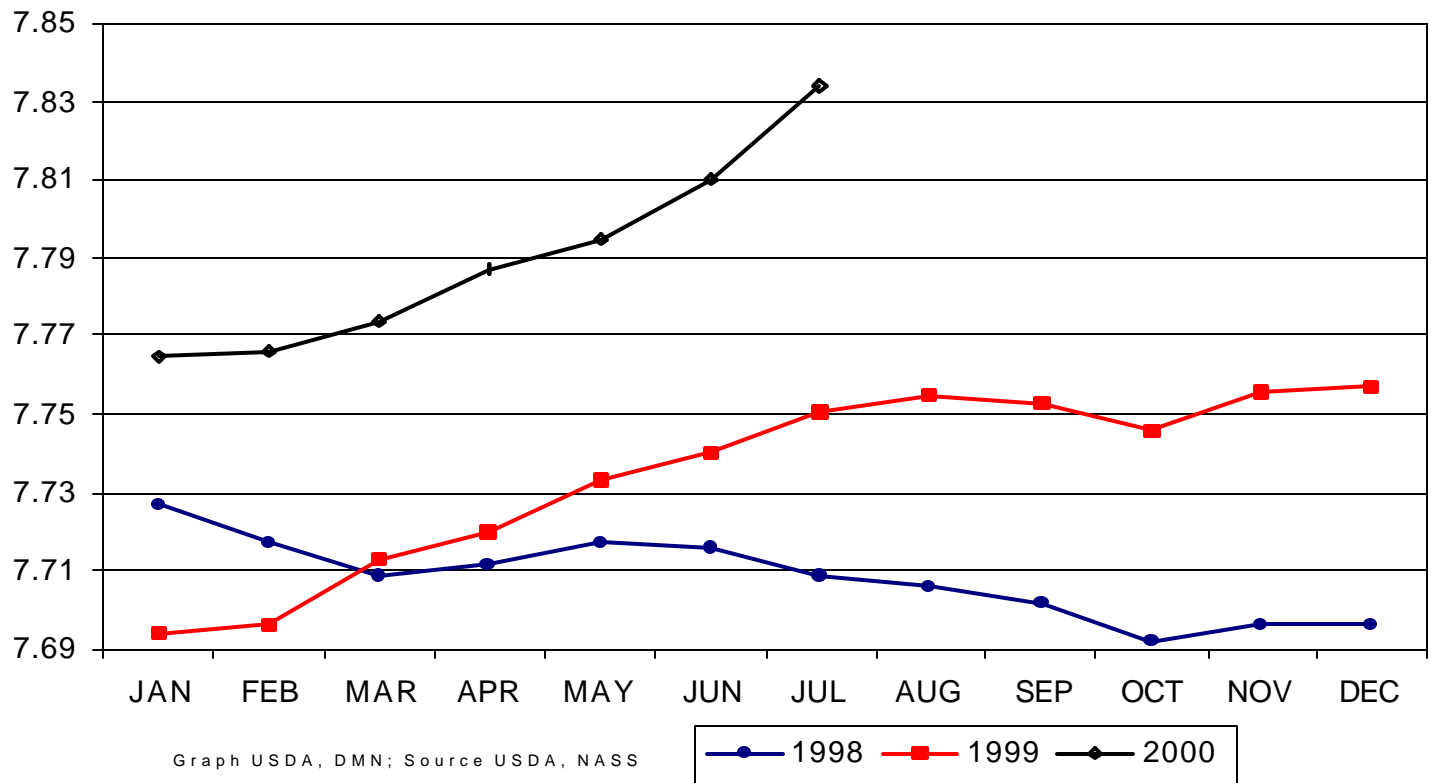
Product	January Sales	Change from previous year <u>2/</u>	February Sales	Change from previous year <u>2/</u>	March Sales	Change from previous year <u>2/</u>
	Mil. lbs.	Percent	Mil. lbs.	Percent	Mil. lbs.	Percent
Whole Milk <u>3/</u>	1,571	3.8	1,507	4.2	1,588	1.4
Reduced Fat Milk (2%)	1,379	-1.7	1,304	-1.0	1,401	-1.8
Low Fat Milk (1%) <u>4/</u>	733	5.5	710	4.7	757	3.9
Fat-Free Milk (Skim)	691	-6.8	636	-9.4	701	-7.5
Buttermilk	49	3.5	47	2.0	52	1.6
Total Fluid Milk Products <u>5/</u>	4,433	0.4	4,220	0.4	4,507	-0.8

Product	April Sales	Change from previous year <u>2/</u>	May Sales	Change from previous year <u>2/</u>	Year to Date Sales	Change from previous year <u>2/</u>
	Mil. lbs.	Percent	Mil. lbs.	Percent	Mil. lbs.	Percent
Whole Milk <u>3/</u>	1,422	-0.8	1,535	-0.4	7,624	1.6
Reduced Fat Milk (2%)	1,303	-0.8	1,359	-0.3	6,746	-1.2
Low Fat Milk (1%) <u>4/</u>	680	1.5	718	1.6	3,598	3.4
Fat-Free Milk (Skim)	647	-6.7	666	-8.3	3,340	-7.7
Buttermilk	47	2.5	50	2.3	246	2.4
Total Fluid Milk Products <u>5/</u>	4,106	-1.3	4,335	-1.7	21,601	-0.6

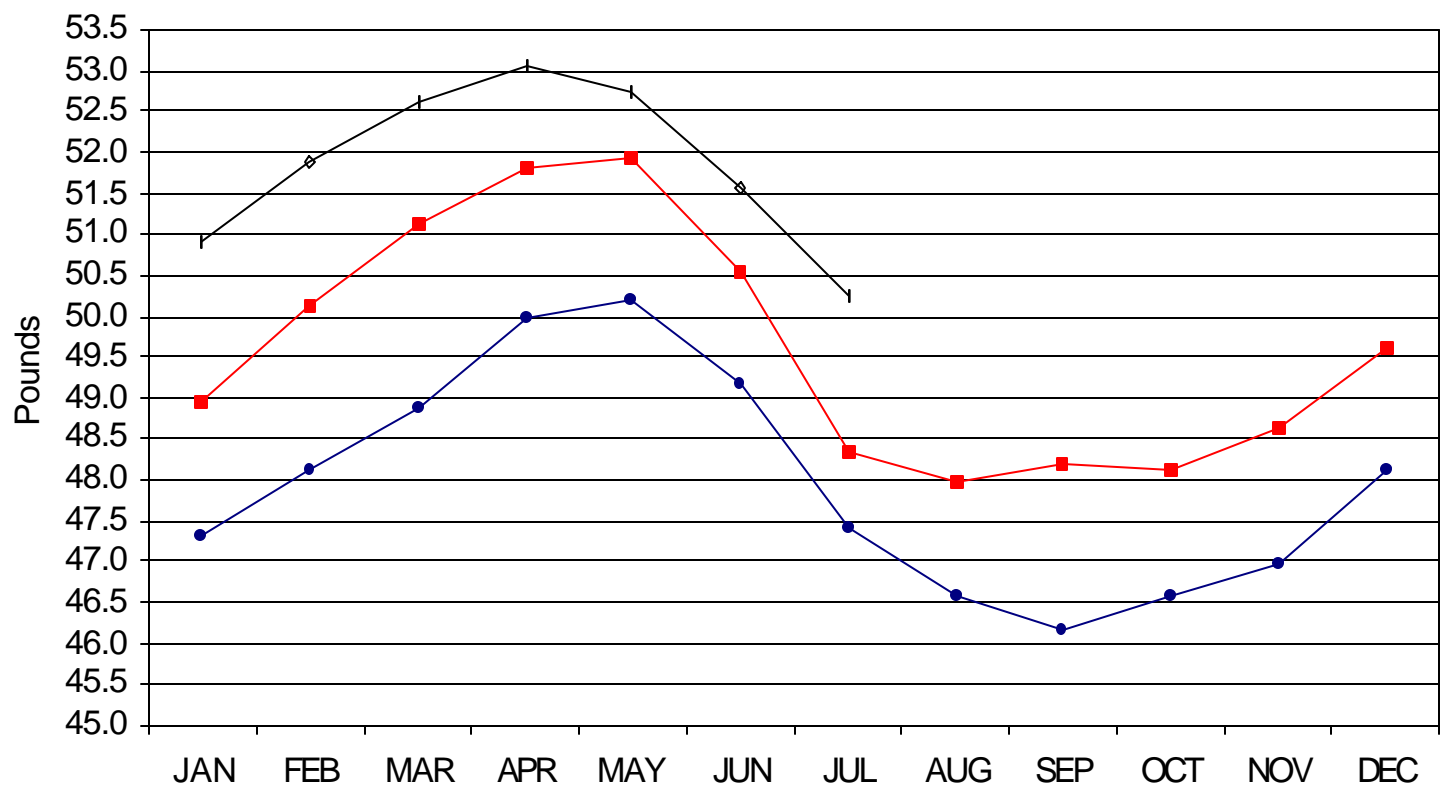
1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, and represent approximately 93 percent of total fluid milk sales in the United States. January-March data are revised. 2/ Data for 1999 have been estimated based on the change in population within Federal milk order marketing areas that has occurred as a result of the new consolidated marketing areas that came into effect in January 2000. Percent changes are based on this estimated 1999 data. Percent changes also have been adjusted for calendar composition, including the extra day in February 2000. 3/ Includes flavored whole milk. 4/ Includes flavored fat-reduced milk. 5/ Includes miscellaneous products.

SOURCE: Monthly summaries of *Federal Milk Order Market Statistics*, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

MILK COW NUMBERS - 20 MAJOR STATES - Million Head



20 States Ave Milk Output Per Cow



CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE WEEK OF AUGUST 21 - 25, 2000			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/99	SAME PERIOD LAST YEAR	PERIOD ENDING 08/18/00	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	1,162,919	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	5,583,600	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	6,746,519	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	7,089,483	697,754	6,391,729	439,189,975	175,276,307	-0-	-0-
Fortified	1,005,577	-0-	1,005,577	11,592,594	2,223,406	-0-	-0-
TOTAL	8,095,060	697,754	7,397,306	450,782,569	177,499,713	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF AUGUST 21 - 25, 2000 =	1.6	86.1	COMPARABLE WEEK IN 1999 =	0.1	4.6
CUMULATIVE SINCE OCTOBER 1, 1999 =	161.4	\$ 5,313.9	CUMULATIVE SAME PERIOD LAST YEAR =	39.0	2,066.1
CUMULATIVE JANUARY 1 - AUGUST 25, 2000 =	150.2	4,720.8	COMPARABLE CALENDAR YEAR 1999 =	39.0	2,064.9

\$Last week's total should have been 159.8

* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF AUGUST 21 - 25, 2000 (POUNDS)

	BUTTER		CHEESE		NONFAT DRY MILK	
REGION	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/99 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT	
REGION	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99	1999/00	1998/99
MIDWEST	-0-	-0-	6,665,991	-0-	45,752,490	15,434,971	44.3	8.7
WEST	-0-	-0-	80,528	-0-	400,089,819	162,064,742	55.0	91.3
EAST	-0-	-0-	-0-	-0-	4,940,260	-0-	0.7	0.0
TOTAL	-0-	-0-	6,746,519	-0-	450,782,569	177,499,713	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JULY 31, 2000

MANUFACTURING MILK: Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

DOLLARS PER POUND

BUTTER: Bulk \$.6680; 1# Prints \$.6980

CHEESE: 40 & 60# Blocks \$1.1220; 500# Barrels \$1.0920; Process American 5# \$1.1745; Process American 2# \$1.2145

NONFAT DRY MILK: Nonfortified \$1.0100; Fortified \$1.0200; Instant \$1.1675

Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 08/05/00 & Comparable Week 1999 1/ 2/

Regions*	1	2	3	4	5	6	7	8	9	10	U.S. TOTAL	% DAIRY OF ALL
2000-Dairy cows HD (000)	0.2	1.0	5.9	4.6	18.8	2.2	1.2	0.8	8.9	2.6	46.1	1,578.9
1999-Dairy cows HD (000)	0.2	1.0	6.0	5.4	16.4	2.2	2.7	0.7	9.0	2.4	46.0	1,538.2
2000-All cows HD (000)	0.2	1.1	7.9	13.0	27.0	12.6	11.3	3.9	11.7	4.9	93.8	3,236.5
1999-All cows HD (000)	0.3	1.2	8.3	13.3	22.5	13.6	16.5	3.7	12.0	6.3	97.7	3,349.6

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

BASIC FORMULA PRICE (BFP), (3.5% BF, \$/CWT, FOR COMPARISON PURPOSES ONLY)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1998	13.25	13.32	12.81	12.01	10.88	13.10	14.77	14.99	15.10	16.04	16.84	17.34
1999	16.27	10.27	11.62	11.81	11.26	11.42	13.59	15.79	16.26	11.49	9.79	9.63

FEDERAL MILK ORDER CLASS PRICES FOR 2000 (3.5% BF)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Class I 1/	10.90	10.71	10.84	10.93	11.48	11.70	12.46	11.95	11.84			
Class II	11.43	11.51	11.71	12.10	12.63	13.08	12.58					
Class III	10.05	9.54	9.54	9.41	9.37	9.46	10.66					
Class IV	10.73	10.80	11.00	11.38	11.91	12.38	11.87					

1/ Specific order differentials to be added to this base price are located at: www.ams.usda.gov/dairy/fmor_announce.htm